



Independent
Television

RECEIVED

DEC 4 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

December 4, 1995

Hand Deliver

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

DOCKET FILE COPY ORIGINAL

Re: *En Banc* Hearing on Digital Television
MM Docket No. 87-268

DOCKET FILE COPY ORIGINAL

Dear Mr. Caton:

In connection with the appearance of Mr. John C. Siegel, Senior Vice President of Chris Craft Industries, Inc., on behalf of the Association of Independent Television Stations, Inc., (INTV) at the above referenced hearing, I am enclosing an original and nine copies of Mr. Siegel's testimony along with a summary, speaker biography and description of INTV.

A copy of this letter and 10 copies of these materials are being submitted to Mr. Saul Shapiro of the Mass Media Bureau.

Sincerely,

David L. Donovan

cc: Mr. Saul Shapiro
Mass Media Bureau
Federal Communications Commission

The Honorable Reed Hundt
The Honorable James Quello
The Honorable Andrew Barrett
The Honorable Rachelle Chong
The Honorable Susan Ness

No. of Copies rec'd
List ABCDE

0-9

Association of Independent Television Stations, Inc.
"INTV"

INTV is a non-profit trade association that has been representing local television stations for over 20 years. Its membership includes local television stations that are not affiliated with ABC, CBS or NBC. INTV's primary mission is to serve the needs of local independent stations including those affiliated with the Fox, Warner Brothers and United Paramount networks. The vast majority of its members are affiliated with these new networks.

INTV has been in a leader in numerous communications issues before the Congress and the Federal Communications Commission. It has been actively involved in the Commission's HDTV and advanced digital television proceedings. INTV serves on the Board of Directors of the Advanced Television Test Center and is a member of the Advanced Television Systems Committee.

INTV's objective in this proceeding is to insure that free, local off-air television stations are able to make the transition from analog to digital transmission. To this end, we are working to foster a regulatory and economic climate that will assist stations in making the transition and permit them to compete in a digital world.

INTV's office is located at 1320 19th St., N.W., Suite 300, Washington D.C. 20036.

Biography of John C. Siegel

Mr. Siegel is a Senior Vice President and member of the Board of Directors of Chris-Craft Industries, Inc., which, through affiliated corporations, holds the licenses of eight television stations. Those stations include six United Paramount Network (UPN) affiliated stations and two other network affiliated stations. The UPN stations are KCOP, Los Angeles; WWOR, Seacaucus, NJ; KPTV, Portland, OR; KMSP, Minneapolis; KBHK, San Francisco; and KUTP, Phoenix. The two other network affiliates are KTVX (ABC), Salt Lake City, and KMOL (NBC), San Antonio. In terms of households reached, the Chris Craft Television Group is one of the largest group owners, after ABC, NBC, CBS, Fox and Tribune. Chris-Craft also owns the United Paramount Network, UPN.

In 1993-94 Mr. Siegel served as Chairman of the Television Board of Directors of the National Association of Broadcasters and was Vice Chairman prior to that.

Mr. Siegel is a member of the California and District of Columbia Bar Associations. Prior to working for Chris-Craft, he practiced law and served as Special Assistant to U.S. Senator Abraham Ribicoff.

Mr. Siegel's other positions with Chris-Craft's affiliated corporations include, member of the Board of Directors of BHC Communications, Inc., and United Television, Inc.; Senior Vice President of BHC Communications, Inc.; and President of KBHK TV, San Francisco.

Mr. Siegel, his wife Jane, and two children, Jack and Holly, live in San Francisco.

**Summary of Testimony of
John C. Siegel
Senior Vice-President
Chris-Craft Industries, Inc.
for
En Banc Hearing on Digital Television
MM Docket No. 87-268**

On behalf of the Association of Independent Television Stations, Inc. ("INTV"), I wish to address the nature and extent of broadcasters' public interest obligations in the digital age. We submit that a station's compliance with its public interest obligation should be judged on the basis of the totality of its free, over-the-air offerings, and that the extent of that obligation should not be determined or affected by the number of such offerings that might be multiplexed over the station's digital channel.

The reference point for analysis of this issue should be the maintenance of free, universal broadcast television. Broadcasters recognize that their future lies in digital, a technology that is rapidly developing and to which our competitors are rapidly moving. But the transition to digital will be risky and difficult. Competition will come from a variety of multi-channel, multi-service, wire-based and wireless subscription systems. With such a competitive environment, a digital broadcast license is hardly a license to print money.

Notwithstanding the competitive and technical challenges that face us, companies such as mine remain committed to free, universal, advertiser-supported television. We and INTV's other members recognize that we have a special and

particular public interest obligation to serve the needs and interests of the local communities for which we are licensed. Free over-the-air television will continue to be the core of our business in a digital world. But localism in the digital age undoubtedly will mean different solutions for different broadcasters serving different consumers in different communities. As we transition to digital, the public will best be served if stations are given the greatest possible flexibility in determining how to utilize their bandwidth.

**Testimony of
John C. Siegel
Senior Vice President
Chris-Craft Industries, Inc.**

**Before the
Federal Communications Commission
En Banc Hearing on Digital Television
Washington, D.C.**

December 12, 1995

On behalf of the Association of Independent Television Stations, Inc.

("INTV"), I am honored to have the opportunity to discuss an aspect of what may be the most challenging issue to confront the broadcast television industry since analog television channels were first allocated in the late 1940s -- the initiation of digital television.

Among other issues, the Commission is now debating what should be the nature and extent of broadcasters' public interest obligations in the digital age. We believe that a station's compliance with its public interest obligation should be judged on the basis of the totality of its free, over-the-air offerings, and that the extent of that obligation should not be determined or affected by the number of such offerings that might be multiplexed over the station's digital channel.

I submit to you that the reference point for this debate, and for all analyses of the ATV rules and policies, should be the maintenance of free, universal broadcast television. It is a national jewel, the envy of the world, and a continuing thorn in the side of pay services. Numerous companies such as mine remain committed to

preserving and fostering universal broadcast television. We are willing to risk our capital, and to devote our energies and creativity to the education and entertainment of our viewers. But at this critical stage, the key to our ability to succeed into the next century will be the transition from analog to digital broadcasting. And the regulatory framework established by the FCC for that transition will largely determine its outcome.

For almost half a century, television stations have served their local communities -- providing news, entertainment and informational programming to all Americans -- without charge to the viewing public. As a result, there are no "information haves" or "have nots" with respect to off-air broadcast television. This free, universal information service acts as the only quality consumer alternative to pay video.

Among other benefits, broadcast television has enhanced localism. The analog channel allocation plan created a system that is grounded on providing service tailored to local communities throughout the fifty states, which has led to a unique blend of national, regional and locally-produced programming. This system works, and the American consumer will be the big loser if it is not preserved as we move into the digital age. Nationally-based wire and satellite subscription services are no substitute for universal, free television. Without a reasonable and orderly transition of our valuable analog service to digital, free television surely will be lost.

Chris-Craft owns and operates eight television stations through our subsidiaries BHC Communications, Inc., and United Television, Inc. Six of these stations have been operated for years as independent stations. In addition, in

January of this year, Chris-Craft launched the new UPN network, which we own and to which our six previously independent stations are now affiliated. We already face fierce competitive challenges from the established networks, cable systems, and other multichannel subscription services. And competition will only intensify as the telephone companies, offering hundreds of channels in combination with other non-video services, expand in the marketplace.

Notwithstanding these competitive challenges, we remain committed to universal, free television, and we are investing substantial sums of money to create and develop a new off-air television network service that can help many local, independent UHF stations become or remain competitive. This Fall, UPN provided four hours of programming per week in prime time, as well as two hours on Saturday afternoon and another hour of children's programming on Sunday morning, expanding to two hours in the Fall of 1996. And UPN has just announced that it will add another two hours of prime time programming starting in March of next year.

The fundamental economic truth is that the shift to digital is going to be risky and difficult. Broadcasters will be turning their current analog audiences into digital ones without necessarily increasing the size of those audiences. Each of our own stations, and each UPN affiliate -- many of which are not the strongest UHF stations in their respective markets -- will have to bear the considerable cost of converting to digital production and transmission. As a station operator and the owner of an emerging network, we are very concerned about these costs and any potential regulatory burdens associated with this transition.

Nevertheless, we recognize that our hope for the future is in digital.

Competition for broadcasters in the digital age will come from a combination of multichannel, multi-service, wire-based and wireless subscription systems. Cable companies are rapidly moving to digital transmission, expanding service beyond video to include voice and data. Telephone companies are in the process of becoming major program purchasers and suppliers. They have only recently invested hundreds of millions of dollars in wireless MMDS services. With passage of telecommunications legislation, they will be supplying hundreds of digital video, voice and data channels over their wired and wireless systems. Without a transition to digital, broadcasters will be mired in an outmoded delivery system destined for extinction.

So what should our public interest obligations be in such a competitive, digital marketplace? Let me say first, unequivocally, that Chris-Craft and INTV's other members recognize that, as broadcasters, we have a special and particular public interest obligation to serve the needs and interest of the communities for which we are licensed. Providing a free service that meets those needs is the *quid pro quo* for receiving and retaining our licenses. And we expend substantial care and attention and incur substantial expense to address those needs.

The question is not whether this public interest obligation should apply to digital television -- of course it should -- but rather how it should be interpreted and applied. No one today can safely predict how a broadcaster will be able to utilize successfully its new, fully digital channel. It is especially critical in the early years

of the transition to digital telecasting for there to be sufficient flexibility to permit broad experimentation. In today's competitive environment, a digital broadcast license is hardly a license to print money. Success will come only from determining the optimal mix of channel utilization, and from the creation and selection of programming that viewers want and choose to see. In the end, even after the experimental phase, it is likely that there will not be a uniform formula for successful channel utilization. Localism has remained one of the most unique and important benefits of broadcast television, and localism in the digital age undoubtedly will mean different solutions for different broadcasters serving different consumers located in different communities.

Especially during the infancy and toddler years of digital television, free over-the-air broadcasting must be capable of responding to the enormous competitive challenges we face. Broadcasters' ability to expand their service offerings in order to meet the competition -- whether through improved audio and visual quality, ancillary information services, multiple service offerings, or some combination of these -- will determine whether they will survive. We simply cannot predict whether the revenues derived from any one particular formula will be sufficient to cover the costs of converting to digital, much less to remain competitive with other video providers.

In this brave new digital world, however, there is no doubt that the primary service of local television broadcast stations will continue to be a free off-air television service. Providing advertiser-supported programming without charge to mass audiences is our expertise. It's what we do best. For us to leave this venue

now would be foolish. This will continue to be the core of our business. And HDTV represents an essential starting point in this effort.

But beyond this core of enhanced television service, stations may find it necessary to meet competitive challenges in many different ways. As the history of the cable and radio industries demonstrate, “narrowcasting” is a viable format in an environment with numerous channels and fractionalized audiences. Thus, for example, a station could decide to multi-cast, providing one free channel of general audience programming and one offering of free “niche” programming designed for specific audiences. Or a station may decide to broadcast a 24-hour local all news service or local all weather service. Or a station may offer a new kind of free broadcast service for which there is no present model.

Whatever choice or choices may be made, it is clear that the maximum number of services which a broadcaster could offer over its six megahertz channel will still be limited to far fewer than its multichannel competitors. Given these limitations, and the financial and consumer-preference uncertainties of digital broadcasting, how should the public interest obligations of digital broadcasters be addressed? Without question, the existing public interest obligation should continue undiminished into the digital era, and should incorporate the new ATV channels as the transition to those channels takes place. We submit that a station’s compliance with its public interest obligation should be judged on the basis of the totality of its free, over-the-air offerings. The extent of that obligation should not be determined or affected by the number of such offerings that might be presented over the station’s channel. As we transition into an all-digital environment, the public will

best be served if stations are given the greatest possible flexibility in determining how to utilize their bandwidth.